



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0142	Title:	Repeal unisex insurance law provisions
Primary Sponsor:	Perry, Gary L	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
State Special Revenue	\$570,975	\$560,575	\$0	\$0
Revenue:				
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

Allowing property and casualty insurers and life and disability insurers to utilize gender in ratings will increase workload within the State Auditors' Office (SAO). Additional costs to the SAO will be funded with state special revenue and will have a direct impact upon fees paid by the insurance industry.

FISCAL ANALYSIS

Assumptions:

State Auditor's Office (SAO)

1. SB 142 would allow property and casualty insurers and life and disability insurers to utilize gender in rating and benefits. Coverage that is currently required for maternity benefit and contraception will be deleted or otherwise changed.
2. The SAO must review and approve the complete policy and certificate prior to use. 1,225 health and 3,175 life and annuity policies and certificates were approved in FY 2008. Approximate staff hours to review these policies and certificates are 12,475 hours.
3. The SAO would hire 4.00 FTE plus significant overtime for the 2011 biennium to process the anticipated increased workload and comply with the "deemer law". FY 2010 and FY 2011 personal services costs are estimated at \$314,451.

4. The SAO estimates that within a month of the passage of this bill an additional 170 property and casualty rate filings will be received. SAO would contract with outside actuaries to complete the necessary reviews at approximately \$1,200 each or \$204,000 in the 2011 biennium.
5. The SAO estimates that within a month of the passage of this bill an additional 200 life and disability rate filings will be received. SAO would contract with outside actuaries to complete the necessary reviews at approximately \$1,200 each or \$240,000 for the 2011 biennium
6. There will be no additional surge in workload or cost related to SB 142 beyond the 2011 biennium since the affected policies, certificates and rate filings would only need to be reviewed once.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	4.00	4.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$314,451	\$314,451	\$0	\$0
Operating Expenses	<u>\$256,524</u>	<u>\$246,124</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u><u>\$570,975</u></u>	<u><u>\$560,575</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$570,975	\$560,575	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$570,975)	(\$560,575)	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date